

MONETA PORCUPINE MINES, LIMITED

1968

*annual
report*

MONETA PORCUPINE MINES, LIMITED

DIRECTORS

Edward W. Blessing
F. L. Croteau
Thornton J. Donaldson
D. G. C. Menzel
G. C. Snell
Hans Willi

OFFICERS

President - Hans Willi
Vice-President - D. G. C. Menzel
Secretary-Treasurer - A. E. Proznick

ADMINISTRATIVE OFFICE

420-475 Howe Street, Vancouver 1, B.C.
Telephone: (604) 681-1385
Telex: 04-50647
Cable: Nigertex

REGISTERED OFFICE

c/o Holden, Murdoch & Co.,
44 King Street West, Toronto, Ontario.
Telephone: (416) EM3-9003

TRANSFER AGENTS

Canada Permanent Trust Company,
1901 Yonge Street, Toronto 7, Ontario.

AUDITORS

Thorne, Gunn, Helliwell & Christenson,
1112 West Pender Street, Vancouver, B.C.
Telephone: (604) 685-3511

SOLICITORS

Barbeau, McKercher, Collingwood & Hanna,
900 West Hastings Street, Vancouver, B.C.
Telephone: (604) 684-2561

STOCK EXCHANGE LISTINGS

Toronto

CONSULTANTS

Dr. D. D. Campbell;
Dolmage, Campbell & Associates,
808-900 West Hastings Street, Vancouver, B.C.
Telephone: (604) 681-0241

BANKERS

Canadian Imperial Bank of Commerce,
640 West Hastings Street, Vancouver, B.C.
Telephone: (604) 666-0111

PLACE OF INCORPORATION

Ontario

MONETA PORCUPINE MINES, LIMITED

To the Shareholders:

The principal commitment for Moneta Porcupine Mines, Limited during the past year has been the agreement with Mount Nansen Mines Limited to invest a total of \$690,000 for which Moneta received 600,000 shares of Mount Nansen Mines Limited, bringing the total holding to 620,000 shares.

The mill on the property of Mount Nansen Mines Limited, approximately 40 miles west of Carmacks and 150 miles northwest of Whitehorse, Y.T., Northern Canada came into production as scheduled on September 1, 1968. Originally, the mill had a capacity of 200 tons per day but as surface and underground work progressed during the year and the properties' gold and silver potential substantially increased, capacity was added to permit the milling of 400 tons per day. The tune-up of the plant has proceeded on a continuous basis with the production rate of 250 tons per day expected to be reached early next year. The current rate of progress is expected to be sustained into January while the cyanide circuit is being installed at a cost of \$100,000. When completed it will provide a higher rate of recovery of gold and silver from the more oxidized ores from the Webber veins.

Over \$3,500,000 was spent during the past year on the Mount Nansen property. The mill and ancillary buildings were constructed at a cost of \$1,250,000. Purchase of new equipment, completion of the all-weather road, drilling water wells and construction of a pipeline, construction of the administration building, accommodation for personnel and a townsite for married families cost approximately \$1,000,000. A development and exploration program to ensure adequate ore for the mill was carried out at a cost of \$1,360,000. A geochemical survey, which covered approximately 45% of the total claims owned in this area was completed. Samples were taken at every 50 feet on lines located 400 feet apart; in all, 15,000 samples were collected. Forty (40) target areas for additional exploration work were established; some of these have since been covered with detailed sampling. Results justified bulldozer stripping, trenching and drill testing. This work has already yielded most encouraging values in gold and silver at several places.

Underground development during the year has been directed towards establishing sufficient working places to ensure continuous ore production. As part of the program, a new level, the 4100 foot elevation level, has been driven for over 3200 feet; 1700 feet of crosscutting and 1500 feet of drifting. This work has been highly successful in confirming ore indicated from the higher elevation workings and adding new ore potential to even greater depths. It opened the longest continuous length of ore on the property to date. This ore shoot is on the Huestis No. 12 vein and is over 300 feet long, across a good mining width, and grades in excess of \$60.00 per ton values in gold and silver.

As a result of the 1968 underground work at the Huestis, the Webber-Huestis ore reserves have been increased to 330,000 tons at 0.50 ounces gold per ton and 18.4 ounces silver per ton.

Present plans call for sinking an internal shaft from the Huestis working to give access to the deeper ore indicated by drilling. As development proceeds, it is intended to establish an interconnection between the lower elevations of the Huestis and Webber veins. This will permit underground transportation of all ores, eliminate rehandling on the surface and thus result in lower costs and higher production. A steady increase in milling rate at the Mount Nansen Mines combined with higher metal recoveries due to the cyanidation process, can be expected. Additionally, the Brown-McDade property, one mile away, will supply ore to the Mount Nansen Mill during 1969 and as underground work proceeds and ore supplies increase, Mount Nansen will further adjust its milling capacity to more than 400 tons per day. Studies on how this would best be achieved are in preparation. Additional geochemical surveys on the Mount Nansen Mines Limited claims (of which 55% have not yet been surveyed) are planned. Diamond drilling on Cabin Creek has indicated the presence of a vein. The complete reconnaissance of this vein is a prime objective and further work is scheduled for the current year.

Moneta also made arrangements to increase its holdings in Peso Silver Mines Limited by obtaining 110,350 shares of Peso Silver Mines Limited from Charter Oil Company Limited. With the completion of this transaction, Moneta Porcupine now holds 1,462,280 shares of Peso Silver Mines.

Peso Silver Mines Limited owns 3,955,386 shares of Mount Nansen Mines Limited, about

51.68% of the issued shares, and holds an option to increase this interest to 62%, and to maintain this increased interest.

In the Mayo area of the Yukon Territory, Peso Silver owns or controls a number of well situated properties on which proven, probable and possible ore reserves are estimated at 424,630 tons. Ore in the proven and probable categories totals 207,630 tons, averaging 20.9 ounces silver per ton and 3.7% lead. Existing ore reserves and the area's future potential strengthen our belief that a feasibility study for construction of a mill should be commissioned. Present indications are that a 100 ton per day mill would be justified.

Peso Silver owns 100% of the Peso Rex property located 30 miles north of Mayo, Yukon. This property was reassessed and a new road access in a more favourable location on the south side of the mountain is being considered.

Work on the Duncan Ladue Mines property located on the north side of Keno Hill, 10 miles from the producing United Keno Hill Mines and about 40 miles north and east of Mayo, was limited to the driving of a short adit level and the sinking of an exploration shaft. This work was directed to test a very high-grade silver vein exposed by surface work and indicated by five diamond drill holes. These holes intersected the vein structure and confirmed the presence of silver and lead in the vein. Further work has to be undertaken as the ore recoveries are not conclusive as to the overall mining potential of this particular vein. Peso Silver Mines Limited owns 637,500 shares (85%) of Duncan Ladue Mines Limited.

On the properties of Rio Plata Silver Mines Ltd., in which Peso Silver holds 1,000,000 shares (36.9%), work was limited to brief inspections to confirm results of previous work to aid in the planning of the next phase of exploration. The majority of the work on the most important of the Rio Plata claim groups, the Formo, located on a good road a few miles from the United Keno Hill Mines mill, was done in 1952. Subsequently, rehabilitation and re-examination has been undertaken several times. This work has indicated an ore reserve calculation of 44,000 tons of proven, probable and possible ore grading 16 ounces silver per ton, 6.9% lead and 10.7% zinc, giving a present gross value in the \$70.00 to \$80.00 per ton range. The Company's Consultant states "The immediate potential of the deposit would appear to be easily 100,000 tons, with good indications for much more. A very modest development program would be required to properly assess the Formo deposit".

Varying interests are held by Peso Silver in a number of other properties and exploration companies.

Silmonac Mines Limited, in which Moneta holds a 22.5% interest, has made a favourable operating lease agreement to develop its silver-lead-zinc property in the Slocan district of south central British Columbia. The prime object is to drive a 2,600 foot crosscut to test the area where ore grade intersections from surface and underground diamond drill holes were obtained last year. The portal area has been cleared and the crosscut collared. Work will proceed through the winter. As previously reported, the most recent diamond drilling results on Silmonac's property yielded silver values ranging between 7.8 ounces and 31.2 ounces per ton, plus lead ranging between 1.2% and 5.1% and zinc ranging between 2.2% and 11.0%.

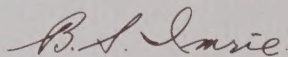
Moneta's interest in Clinton Copper Mines Limited, which holds a copper property in Clinton and Marston Townships in the Province of Quebec, remains at 23-1/3%, with no funds advanced during the year. Hastings Mining and Development Co. Limited has control of the development of this property.

A diamond drilling program was carried out on the property during the past season, the result of which has not yet been received from Hastings.

Tofino Mines Limited, of which Moneta holds 70% of the common shares and 33.7% of the preferred shares, was inactive during the year at its formerly producing gold mine on the west coast of Vancouver Island, B.C. The gold values from this property are high-grade and the property is worthy of further exploration and development should the price of gold increase.

For the coming year, Moneta has a number of projects under consideration.

Respectfully submitted on behalf of the Board of Directors.



B. S. Imrie,
General Manager

October 31, 1968

AUDITORS' REPORT

To the Shareholders of

Moneta Porcupine Mines, Limited

We have examined the balance sheet of Moneta Porcupine Mines, Limited at July 31, 1968 and the statements of income and earned surplus and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company at July 31, 1968 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thomas, Gunn, & McNeil Chartered Accountants

Vancouver, B.C.
October 10, 1968

Chartered Accountants

MONETA PORCUPINE

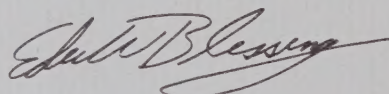
(incorporated under the laws of the State of Nevada)

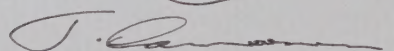
BALANCE SHEET

(with comparative figures for 1967)

ASSETS		1968	1967
CURRENT ASSETS			
Cash		\$ 48,708	\$ 1,396
Short-term investment contracts		529,000	-
Funds on deposit including accrued interest		213,432	-
Accounts receivable		2,783	4,278
Prepaid expenses		770	-
		<u>794,693</u>	<u>5,674</u>
ADVANCES TO SHAREHOLDERS, at cost		-	1,524,077
INVESTMENTS IN AND ADVANCES TO AFFILIATED COMPANIES, at cost (Note 1)		<u>3,104,858</u>	<u>2,336,522</u>
OTHER INVESTMENTS, at cost less amounts written off		<u>11,378</u>	<u>11,376</u>
FIXED ASSETS			
Buildings and equipment, at cost		16,221	24,309
Less accumulated depreciation (Note 4)		13,788	21,281
		<u>2,433</u>	<u>3,028</u>
Mining properties, at nominal value		<u>1</u>	<u>1</u>
		<u>2,434</u>	<u>3,029</u>
DEFERRED EXPENSES, at cost (Note 2)			
Exploration and development advance to affiliated company		<u>15,051</u>	<u>16,415</u>

APPROVED ON BEHALF OF THE BOARD

 Director

 Director

\$3,928,414	\$3,897,093
<u> </u>	<u> </u>

BROWN-MCDADE MINES, LIMITED

(Incorporated under the laws of Ontario)

As at JULY 31, 1968

(In comparison with figures as at July 31, 1967)

LIABILITIES

CURRENT LIABILITIES

1968

1967

Accounts payable and accrued liabilities

\$ 55,138

\$ 16,703

Amount owing to affiliated company, Canadawide

11,858

-

Investments Limited

66,996

16,703

NON-CURRENT AMOUNT OWING TO AFFILIATED COMPANY,

Brown-McDade Mines Limited (N.P.L.)

17,594

17,594

SHAREHOLDERS' EQUITY

CAPITAL STOCK (Note 3)

Authorized

3,000,000 shares with a par value of \$1 each

Issued

2,703,860 shares (1967 - 2,663,860 shares)

2,703,860

2,663,860

Subscribed

40,000 shares

-

40,000

2,703,860

2,703,860

Less net discount thereon

888,891

888,891

1,814,969

1,814,969

Less

Share subscriptions receivable

-

32,000

Refund of consideration for which shares
were issued

32,000

-

1,782,969

1,782,969

EARNED SURPLUS

2,060,855

2,079,827

3,843,824

3,862,796

\$3,928,414

\$3,897,093

MONETA PORCUPINE MINES, LIMITED
STATEMENT OF INCOME AND EARNED SURPLUS
YEAR ENDED JULY 31, 1968
(with comparative figures for 1967)

	1968	1967
INCOME		
Interest on advances to affiliated companies	\$ 46,942	\$ 85,438
Income from other investments	37,385	-
Miscellaneous income	2,080	3,024
	<hr/> 86,407 <hr/>	<hr/> 88,462 <hr/>
 EXPENSES		
Salaries and management fees	38,858	27,900
Office and administration	16,904	8,307
Professional fees	20,166	6,505
Settlement on termination of employment contracts	24,420	-
Interest	2,572	244
Exploration	2,459	9,495
	<hr/> 105,379 <hr/>	<hr/> 52,451 <hr/>
Net income (loss) for year (Note 4)	(18,972)	36,011
 EARNED SURPLUS AT BEGINNING OF YEAR	 2,079,827 <hr/>	 1,983,437 <hr/>
	2,060,855	2,019,448
 ADD		
Net gain on disposal of investments	-	43,812
Adjustment of prior year's earnings	-	16,567
 EARNED SURPLUS AT END OF YEAR	 \$2,060,855 <hr/> <hr/>	 \$2,079,827 <hr/> <hr/>

MONETA PORCUPINE MINES, LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED JULY 31, 1968
(with comparative figures for 1967)

	1968	1967
SOURCE OF FUNDS		
From operations		
Net income for the year	-	\$ 36,011
Adjustment of prior year's earnings	-	16,567
	<hr/>	<hr/>
	-	52,578
Repayment of advances to shareholder	\$1,208,575	60,957
Repayment of advances to affiliated company	25,490	-
Issue of shares	32,000	-
Proceeds on disposal of fixed assets	200	-
Proceeds from sale of shares in affiliated company	-	2,462
Advance from affiliated company	-	17,594
Proceeds from sale of other investments	-	70,303
	<hr/>	<hr/>
	1,266,265	203,894
	<hr/>	<hr/>
APPLICATION OF FUNDS		
To operations		
Net loss for the year	18,972	-
Deduct loss on disposal of fixed assets which does not involve a current outlay of funds	394	-
	<hr/>	<hr/>
	18,578	-
Advances to shareholders	22,170	161,050
Purchase of shares in affiliated companies (1968 - \$485,145; 1967 - \$20,690) less advances to shareholders applied to cost of shares (1968 - \$337,672; 1967 - Nil)	147,473	20,690
Advances to affiliated company	308,681	-
Refund of consideration for which shares were issued	32,000	-
Purchase of other investments	2	1,630
Exploration and development advances to affiliated company	(1,365)	6,340
	<hr/>	<hr/>
	527,539	189,710
	<hr/>	<hr/>
INCREASE IN WORKING CAPITAL	738,726	14,184
WORKING CAPITAL (DEFICIENCY) AT BEGINNING OF YEAR	(11,029)	(25,213)
	<hr/>	<hr/>
WORKING CAPITAL (DEFICIENCY) AT END OF YEAR	\$ 727,697	\$ (11,029)
	<hr/> <hr/>	<hr/> <hr/>

MONETA PORCUPINE MINES, LIMITED

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of Moneta Porcupine Mines, Limited will be held in the Manitoba Room, Royal York Hotel, in the City of Toronto, in the Province of Ontario, on Friday, the 20th day of December, 1968, at 10:00 o'clock in the forenoon, Toronto time, for the following purposes:

1. To consider and if thought fit to approve the financial statements of the Company to July 31st, 1968, together with the reports of the Directors and Auditors thereon;
2. To elect Directors;
3. To appoint Auditors;
4. To transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

The Board of Directors has fixed the close of business on November 22, 1968, as the record date for the determination of Shareholders entitled to notice of the Meeting and Shareholders of record as of November 29, 1968, are entitled to vote either in person or by proxy at the Meeting or any adjournment or adjournments thereof. The transfer books will not be closed.

Shareholders who do not expect to be able to attend the Meeting in person are requested to complete, sign and date the enclosed form of proxy and to return it in the envelope provided for that purpose. The proxy must be deposited at the office of the Company's Transfer Agent, Canada Permanent Trust Company, 1901 Yonge Street, Toronto, Ontario, not less than 48 hours before the time fixed for the Meeting.

A Proxy Instrument and Information Circular accompany this Notice.

DATED at Vancouver, British Columbia, Canada, this 25th day of November, 1968.

BY ORDER OF THE BOARD OF DIRECTORS

A. E. PROZNICK
Secretary-Treasurer

MONETA PORCUPINE MINES, LIMITED

INFORMATION CIRCULAR

This Information Circular is furnished in connection with the solicitation by the Management of Moneta Porcupine Mines, Limited ("the Company") of proxies to be used at the Annual General Meeting of Shareholders of the Company to be held on December 20th, 1968 at the time and place and for the purposes set forth in the enclosed Notice of Meeting.

The enclosed form of proxy is solicited by and on behalf of the Management of the Company. Solicitation will be primarily by mail, however, proxies may also be solicited by regular employees of the Company either personally or by telephone or telegraph. The cost of solicitation by Management will be borne by the Company.

Shares represented by all validly executed proxies received as a result of this solicitation will be voted in accordance with any specifications made by the Shareholders therein, provided that such proxies are received in the office of the Company's transfer agent, Canada Permanent Trust Company, 1901 Yonge Street, Toronto, Ontario, not less than 48 hours before the time fixed for the said meeting.

All proxies delivered pursuant to the solicitation are revocable at the option of the person executing the same at any time before they are exercised.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As of October 31st, 1968, the Company had outstanding 2,703,860 shares of capital stock of the par value of \$1.00 each. Each share is entitled to one vote. Shareholders of record as of the close of business on November 29th, 1968 shall be entitled to vote on all matters to be raised at the Annual General Meeting. The transfer books of the Company will not be closed. At least two shareholders representing at least five hundred thousand shares of the Company in respect of which the holders thereof are entitled to vote either in person or by proxy shall constitute a quorum.

Charter Oil Company Limited owns 1,355,100 shares of the Company's outstanding stock, or 50.1%, and may be deemed to control the Company.

Canadawide Investments Limited owns 659,072 shares of the Company's outstanding stock, or 24.4%. It also owns 1,185,482 shares of the outstanding stock of Charter Oil Company Limited, approximately 42.29%.

ELECTION OF DIRECTORS

Action is to be taken at the Annual General Meeting with respect to the election of six directors to serve for the term of one year and until their successors are elected or appointed. IT IS INTENDED THAT THE PROXIES BEING SOLICITED WILL BE VOTED IN FAVOUR OF THE NOMINEES LISTED IN THE TABLE BELOW AS DIRECTORS. All nominees other than A.E. Proznick and Brainard S. Imrie are presently directors of the Company and all nominees have advised Management that they are willing to serve in this position for the coming year. If for any reason any nominee should be unable to serve as director the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion.

INFORMATION ABOUT NOMINEES

The following table and notes thereto set forth the names of the nominees for election to the Board of Directors; the principal occupation and five-year professional background of each nominee; the previous record of

each nominee as director; and the number of shares of the Company and its subsidiaries beneficially owned directly or indirectly by each nominee as of November 15, 1968. The information concerning the respective nominees has been furnished by them.

Nominees for Directors and Principal Occupation	Has Served as Director Since	Securities of Company Beneficially Owned
EDWARD BLESSING Vice-President and Director of Charter Oil Com- pany Limited. McKinsey & Company 1965-68 Harvard Business School 1963-65 Shearson, Hammill Inc. 1961-63	October 18, 1968	1 Share
F. L. CROTEAU Consulting Geological Engineer, Vancouver, B.C. Director of Charter Oil Company Limited 1967-68 Director of Peso Silver Mines Limited 1967-68 Can-Tex Producing Company Ltd. 1964-66 1963 Economic Analyst Director, Trans Canada Oils Limited Director, Adera Mines Ltd. Director, Sunlite Oil Ltd. Chairman of Board, Moresby Mines Limited.	December 15, 1967	1 Share
BRAINARD S. IMRIE 1967 to date: General Manager of Peso Silver Mines Limited (N.P.L.) and Mount Nansen Mines Limited 1964-67 Exploration Manager of Peso Silver Mines Limited (N.P.L.) and Mount Nansen Mines Limited 1961-64 Mining Consultant with Canadian Inger- soll Rand Ltd.		1 Share
A. E. PROZNICK Secretary-Treasurer of the Company 1965-68 Secretary-Treasurer of Charter Oil Company Limited 1967-68 Secretary-Treasurer of Peso Silver Mines Limited (N.P.L.) 1966-68 Chartered Accountant 1961-65 Price Water- house & Co.		1 Share
G. CLINTON SNELL President, Arctic Mining and Exploration Limit- ed 1967-68 Vancouver, B.C. President, Canadian Folding Cartons Ltd. 1957- 1966	December 15, 1967	1 Share
HANS WILLI President and Director of the Company President and Director, Charter Oil Company Limited 1967-68	December 15, 1967	1 Share

Director, Mount Nansen Mines Limited 1967-68
Financier and Management Consultant, Zurich
Switzerland
Proconsult Limited 1962-68

NOTE (1) Mr. Willi owns 52% of Canadawide Investments Limited which has effective control of Charter Oil Company Limited. Canadawide and Charter Oil together have nearly 75% of the outstanding stock of Moneta.

REMUNERATION OF MANAGEMENT AND OTHERS

The total remuneration paid during the fiscal year ended July 31st, 1968, to all directors and senior officers of the Company was \$38,976.00. This figure includes an amount of \$17,083.00 paid to Paul O. Berliz and \$7,337.25 paid to Avery Stone on termination of their employment contracts with the Company.

An option was exercised by Paul O. Berliz on July 28th, 1967 to purchase 40,000 shares from the Company's capital stock at a price of 80¢ per share. Pursuant to the direction of the Toronto Stock Exchange the Company reacquired these 40,000 shares at the purchase price of 80¢. These shares are presently held for the Company by its transfer agent, Canada Permanent Trust Company.

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the appointment of Messrs. Touche, Ross, Bailey & Smart of Vancouver, British Columbia, as auditors of the Company for the fiscal period ended July 31st, 1969. Messrs. Touche, Ross, Bailey & Smart are independent chartered accountants and have not acted as auditors for the Company in prior years. The Company is advised that the proposed auditors do not hold any direct financial interest or any material indirect financial interest in the Company.

MATERIAL TRANSACTIONS

The Directors of the Company resolved to accept from Charter Oil Company Limited 110,350 shares of Peso Silver Mines Limited in full satisfaction of an amount owing at July 31st, 1968 from Charter Oil Company Limited to the Company of \$337,672 as at July 31st, 1968. The market price of the Peso shares on July 31st was \$3.60 and a discount of 15% of this price was given to the Company in computing the number of shares required to settle the debt.

In April, 1968 the Company agreed to purchase 600,000 shares of Mount Nansen Mines, Limited, at a price of \$1.15 per share. Approximately 67.39% of the shares of Mount Nansen are owned by Charter Oil, the Company and Peso Silver Mines Limited (N.P.L.). Charter Oil and the Company together own approximately 47.15% of the shares of Peso.

GENERAL

The management is not aware of any other matters that will be brought before the Meeting other than those set forth in the enclosed Notice of Meeting. If other matters are brought before the Meeting it is the intention of the persons named in the enclosed proxy instrument to vote the shares represented by such proxy in accordance with their best judgment.

DATED at Vancouver, British Columbia this 25th day of November, 1968.

BY ORDER OF THE BOARD OF DIRECTORS

A. E. PROZNICK
Secretary-Treasurer